

EXHIBIT 1

PM NOTEBOOK

ROYAL FLUSH

BEGGING YOUR ROYAL PARDON

"You simpletons!" writes Barbara Gray of New Castle, Delaware. "Is there no editorial decency left. . . .?"

Ms. Gray's was one of the most spirited of about two dozen letters we received in response to last issue's *PM Notebook* item about Her Royal Highness the Princess Mary. The item (tided, appropriately enough, "With Best Intentions") described a Christmas gift of a brass cigarette box, tobacco and other items that Her Royal Highness arranged to give to all of His Majesty's uniformed soldiers in 1914, during the first holiday season of World War I.

The problem, as Ms. Gray and other careful readers pointed out, was our statement that the Princess Royal (as Princess Mary was known) later became Queen Mary, which is not, in fact, the case. *Princess Mary* was actually the daughter of *Queen Mary* and King George V. *Queen Mary* had, in fact, been known as *Princess Mary* (Princess Victoria Mary of Teck, in proper form), but that was only until 1910, when her husband, who was known as the Duke of York, succeeded to the throne. Clear so far? To call more attention to our error, we illustrated our story with a photograph not of Princess Mary, but of her mom, the Queen.

While letters such as Ms. Gray's took *PM* to task for the error, the folks at the Imperial War Museum in London were quite forgiving. "Modern people tend to have forgotten about Princess Mary," explained Diana Condell, the museum's curator of uniforms and medals. "The Queen was a rather formidable figure, and the Princess Royal took a rather less prominent role in public life. It's actually a quite common mistake."



Princess Mary
The Princess Royal

We received correspondence from, among others, a doctor, a lawyer and—our most authoritative source—a Mrs. Donald M. Brown of Homer, New York. "What made the article of greater interest to me," Mrs. Brown writes, "is that I have one of the gift boxes, including the greeting card as described and a small pencil made from the casing of a shell that was included. My father was a member of the British army from 1914 to 1919."

CROSS TALK

WORDS AND PICTURES

Kathleen Richards, Traffic Manager WFMT, Chicago, IL writes:

To quote your article (vol. 2, #2) *PM Notebook*, "In the first place, there is simply no proof that tobacco advertising increases cigarette consumption." If that is true, why does the cigarette industry spend millions of dollars a year on it?

Do you expect that your readers' brains are soft? Or are yours?

PM'S RESPONSE

Neither our nor our readers' brains are soft. We stand by our statement. A comprehensive study done for the International Advertising Association found that in 16 countries where cigarette advertising is banned, there has been no significant change in tobacco consumption. Indeed, in several of these countries, consumption continues to increase years after bans were introduced. In others, the U.S.S.R. and the People's Republic of China for example, cigarette advertising does not exist because the industry is run by the state, and consumption continues to increase.

People with "hard" brains will ask, "Then why advertise?" The answer is to promote brand switching among people who have chosen to smoke. In a mature industry like the tobacco industry, a company advertises to increase its market share by trying to convince smoking consumers to switch to its products.

Ronald M. Davis, M.D., Board of Trustees, AMA, Chicago, IL writes:

If you are willing to publish this letter, I would like to take this opportunity to set the record straight. In your Fall 1986 issue, James Bovard claimed that Cong. Henry Waxman "stretched and abused the truth" during the course of recent Congressional

bearings on tobacco advertising. Yet Bovard's article is guilty of his own mistruth by stating that the "American Medical Association advocates government regulation of portrayal of smoking in movies."

In fact, the AMA proposal to ban tobacco advertising would prohibit the portrayal of tobacco use or the showing of tobacco-product brand names only when this occurs as the result of payment by tobacco companies or their advertising agencies. In the absence of promotional payments, our proposal would in no way affect a producer's right to portray smoking in film or in any other medium.

PM'S RESPONSE

The AMA proposal ignores, apparently by design, the reality of filmmaking today. It is no coincidence that one manufacturer's ice cream, car, clothing, computer, cola, cosmetics, stereo, cigarette, beer, etc. is displayed exclusively in any given film. Featuring a particular brand name throughout a film is a significant and rapidly growing source of revenue for filmmakers. The caveat, "only when this occurs as a result of payment by tobacco companies or their advertising agencies" becomes, in the reality of the filmmaking marketplace, a pervasive ban on scenes in which tobacco products are used.

We would also suggest that, before labeling as "absurd" Mr. Bovard's concerns about the spread of government censorship, Dr. Davis examine the recurring calls for banning of books and other educational materials from public libraries and schools. The lists never grow shorter, only longer. In the past, such lists have included medical books, an area of censorship which we suspect even Dr. Davis might oppose.

EXHIBIT 2

STAT/ *Stop Teenage Addiction to Tobacco*

P.O. Box 50039, Palo Alto, CA 94303 (415)965-7278

January 17, 1987

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Elizabeth M. Whelan, Sc.D.
Executive Director, American Council
on Science and Health, New York

Hamish Maxwell, CEO
Philip Morris Companies, Inc.
120 Park Ave
New York, NY 10017

Courtesy of the DOC archives

Dear Mr. Maxwell:

It was recently brought to our attention that the Miller Beer logo is prominently featured in a movie that glorifies adolescent drunkenness. The movie, "Spring Break," features the Miller Beer logo hundreds of times, to the exclusion of all other brand names. In the film, college students are depicted drinking Miller Beer from quart bottles, 12 oz. bottles, cans, and plastic cups with the Miller logo. The film glamorizes such alcoholic behaviors as binge drinking, drinking and driving, drinking to pick up girls, drinking to cure a hangover, and drinking to resolve personal problems. Most of the heavy drinkers depicted in the movie appear to be adolescents, and the only beer depicted is Miller.

I know that you are concerned about improper use of your trademarks, and wish that you could provide us with some information concerning this movie. Specifically:

1. Does Philip Morris, its advertising agencies, or other agents arrange for the placement of any of its products in motion pictures? If the company has a written policy concerning this, particularly as relates to alcohol or tobacco products, we would appreciate receiving a copy.
2. Did Philip Morris, its advertising agencies, or other agents arrange for the placement of the Miller Beer logo in the movie "Spring Break"?

It is nothing short of a national tragedy that so much death and disease are wrought by a powerful habit so often taken up by unsuspecting children, lured by seductive multimillion dollar cigarette advertising campaigns.

U.S. Surgeon General, 1979

Mr. Maxwell, page 2

3. If Philip Morris did not arrange for the placement of its logo in "Spring Break," did it otherwise provide authorization to the producers?

4. Does Philip Morris believe that it has the power to prevent movie producers or publishers from using its logos in settings that appear to promote adolescent intoxication? If so, has the company taken action, or does it plan to take action, against the producers of "Spring Break"?

5. What is Philip Morris' policy regarding the promotion of alcoholic beverages to college students?

We would appreciate it if you or your designee could provide us with a response to these questions. Please feel free to contact me at the above address if I can provide clarification. Thank you very much.

Sincerely,

Joe B. Tye

PS: I suggest you watch the movie. I'd be interested to know if your reaction was different than mine.



MILLER BREWING COMPANY

ALAN G. EASTON
Vice President - Corporate Affairs

March 3, 1987

Mr. Joe B. Tye
STAT/Stop Teenage Addiction to Tobacco
P.O. Box 50039
Palo Alto, CA 94303

Dear Mr. Tye:

Your recent letter to Mr. Hamish Maxwell expressing concern about Miller products in the movie "Spring Break" is appreciated. Let me respond to each of your specific questions in order.

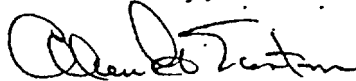
1. Miller Brewing does retain agents who are responsible for arranging for the placement of product in movies and on TV shows. These same agents are also responsible for reviewing scripts/production plans in advance to assure -- to the extent possible -- that both the basic storyline and the manner in which consumption of our products is depicted is consistent with various guidelines that have been developed. A copy of Miller's guidelines is attached for your information. Such guidelines were first developed by Miller in 1983 and then refined (in fact tightened) in 1985.
2. Miller or its agents did not arrange for the placement of product or logos in the movie "Spring Break." Miller was approached by the producer.
3. Having been approached by the producer, Miller did cooperate in the production of the movie to the extent of providing beer and cups. Signage and other material with logos were not specially provided. The movie was shot on location in Ft. Lauderdale and the signage, logos, etc. were existing in the commercial establishments utilized. It should be noted that "Spring Break" was filmed in 1981, prior to the establishment of Miller's guidelines. Were Miller to be approached today about this particular film, it would decline the opportunity. ✓

Mr. Joe B. Tye
March 3, 1987
Page 2

4. There does not seem to be a basis for any sort of action that would prevent movie or TV producers from making Miller products or logos visible in their films where the shooting is on location and the products or logos are inherently present in the commercial establishment involved. The best action, of course, is to refrain from providing product and/or logos in those situations deemed under the guidelines to be inappropriate. No action against the producers of "Spring Break" is anticipated as there is no basis for such action.
5. Miller Brewing is deeply concerned about alcohol abuse by college students and about underage consumption. It was the first brewer to adopt (in 1983) as a college marketing policy the campus marketing guidelines developed by the Collegiate Inter-Association Task Force on Alcohol Issues. A copy of the guidelines (including an identification of the participants in the Inter-Association Task Force) is also attached. Miller is the largest single sponsor of BACCHUS, a student-to-student peer-based college alcohol education program with chapters on nearly 200 college and university campuses nationwide.

I trust that this adequately responds to each of your questions. Should any additional information be needed, please feel free to directly contact Mr. John Shafer, Consumer Affairs Manager, Miller Brewing Company, 3939 W. Highland Blvd., Milwaukee, WI 53201.

Sincerely,



AGE/cs

cc: Gene Flanagan
Ray Jones

EXHIBIT 3



TWENTIETH
CENTURY-FOX
PICTURES

WILLIAM MINOT
NATIONAL PROMOTION DIRECTOR

March 17, 1983

Mr. Robert Kovoloff
Associated Film Promotions
10100 Santa Monica Boulevard
Suite 1095
Los Angeles, CA 90067

Dear Bob;

I was thinking today how much progress we in Hollywood have made towards establishing a consistent and trustworthy relationship with corporate America. In pondering the reasons why, it became obvious that you and your organization are certainly a major factor in the development of better understanding between ourselves and corporate America.

You have led the way in expediting efficient services to film productions both here in Hollywood and throughout the world. This expertise combined with the ability to establish promotional relationships between corporate clients and the film community give us another channel for the distribution phase of our business.

As we continue to explore new areas of corporate interaction with feature films, I am sure your company will continue to lead the way.

With thanks I remain,

Sincerely,

William Minot
National Promotion Director

NOT AT FOX

WM/ks

EXHIBIT 4

NUTRITION ACTION

H E A L T H  L E T T E R

12:7

Volume 12
Number 7

Center for Science
in the Public Interest

SEPTEMBER/OCTOBER 1985

1:

Junk Foods Go Hollywood

Madison Avenue and Hollywood team up to make sure that their favorite soft drink, candy bar, or liquor bottle becomes associated with your favorite movie character.

2:

In the Public Interest

- Is Cheez Whiz 'Real Cheese'?
- Partial Sulfite Ban
- Sugar Group on Offensive
- McDonald's 'Skin Game'
- FDA Looks at Cholesterol

7:

Viewpoint

By Michael F. Jacobson

FDA weakens the Delaney Clause, the prime legal barrier between carcinogenic additives and the nation's stomach.



8:

Eater's Digest

- Fiber from... Wood?
- Q&A
- A Taste of Cajun



Huckster or actor? Some say that Jerry Lewis' "Hardly Working" contains more blatant product plugs than any other recent American film.

Junk Foods Go Hollywood

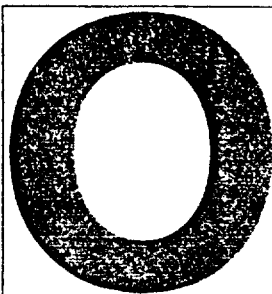
BY LESLIE GOODMAN-MALAMUTH

Marlon Brando doesn't do commercials. But when he appeared in "The Formula," he offered co-star George C. Scott a Milk Dud.

Those concession-stand favorites didn't end up in the script through the whim of the screenwriter. The candy's manufacturer, D.L. Clark Co. (until recently a division of Chicago's Beatrice Foods Co.), paid Associated Film Productions (AFP), a Los Angeles-based "product packager," to find a spot for its product in a feature film.

As long as Americans have made movies, there have been manufacturers nearby, convinced that their product oughta be in pictures. But not until the 1970s did product placement become a major industry in Hollywood.

CONTINUED ON PAGE 4



ne packager calls product placement "soft sell advertising"

Diego. "Surveys overwhelmingly reveal that the people polled believe that advertising is misleading, and that it doesn't tell the truth. Since people don't think of product placements in movies as advertising, they don't discount what they see," he adds.

The viewers' ability to recall the items "placed" in a movie are higher than one would suppose, Kovoloff told the Los Angeles Times in 1982. When members of the movie audience have been questioned outside a theater, their recognition of a product has registered between 12 percent and 87 percent. Even just 12 percent recall is "pretty high," says Kovoloff. "That's a lot of people, if the film is a big box-office success."

The "surprise" factor may work to the advantage of the manufacturer, when it comes to product placements in a film. "Most people have no idea that this is going on in the movies," charges John W. Richards, M.D., of the Medical College of Georgia and president of Doctors Ought to Care. "When they find out, they feel they're being ripped off," he says. And yet these viewers are familiar with name brands, which makes an amusing tie-in easy to arrange. For example, "Back to the Future" audiences howled when its young hero was addressed by his 1955 peers as "Calvin," because of the label sewn to his jeans.

"Young people believe in advertising especially strongly, and it becomes a genuine model for behavior," says Schudson, the author of *Advertising: The Uneasy Persuasion* (New York: Basic Books). Consequently, when the packager and film maker have worked together to make a plug seem a "natural" part of the film, the audience is likely to subconsciously link the product with the star who is drinking the beverage, wearing the jeans, or smoking the cigarette. Kovoloff speaks for most packagers when he stresses, "Great care is taken to prevent a product from being used by 'villains' or in a disparaging way."

If the tie-in is particularly successful, the product might be the first word association that pops into the viewer's mind when a popular film is mentioned. An indelible example of this phenomenon

is Steven Spielberg's lovable creature from outer space, which followed a trail of Reese's Pieces in "E.T.: The Extraterrestrial."

It's been widely reported that sales of Reese's Pieces, first marketed in late 1981, shot up 65 percent after the release of "E.T." in mid-1982. Not so, according to Brian Herman, a spokesman for the Pennsylvania-based Hershey Foods. "We've never officially released that figure, and we won't do so at this time," he says. However, Herman concedes, "It's undeniable that ['E.T.'] did give a big boost to the product."



Coke co-stars in "The Big Chill"

Another earthly pleasure savored by E.T. was a cold can of Coors beer. It's unlikely that the manufacturer would have wanted Elliot, E.T.'s young pal, to be shown on camera doing the same. Many product placers and brewers are understandably jittery—and conscientious—about associating their products with unsavory scenes or characters. Ron Kaufman, an AFP vice president, has reported that when Anheuser-Busch products are promoted, "we try to make sure there's no littering, no underage drinking in the story." Kovoloff has stated that of the 60 films in which he placed Anheuser-Busch last year, "never once was the product handled by a bad guy."

However, a film hero behind the wheel of a car who takes a drink automatically becomes a bad guy, argues Richards, who adds, "It's not only unethical, but also immoral to be promoting drinking and driving." Richards says young peo-

ple may be encouraged to emulate the actors in Burt Reynolds' "Cannonball Run," in which several people "drove fast and reckless" while downing Budweiser.

Even if the actors aren't drinking or smoking, viewers develop brand consciousness when billboards and other advertising images are planted in feature films. A few references may be inevitable, but Richards wants to know how the producers of "Superman II" can justify placing 20 references to Marlboro cigarettes within the film.

In Richards' opinion, plugging cigarettes that often in a film pitched at a very young audience is inexcusable. "The tobacco industry is the most insidious child abuser in the world," he insists. Richards has found nicotine-stained fingers even at wholesome Walt Disney Productions. According to Richards, "Splash," a recent hit directed by former child star Ron Howard, "is full of Carlton ads." He laughs, "Opie [Ron Howard's character on "The Andy Griffith Show"] was always my idol. What can I say?"

Scenes involving name-brand hard liquor also raise ethical questions—especially when the films are sold to television, where hard-liquor ads are taboo. In this summer's successful Columbia release, "St. Elmo's Fire," teen idols Ally Sheedy and Demi Moore—playing recent college graduates—pour themselves generous slugs of vodka from a clearly labeled Absolut bottle.

"We don't have any control over how that bottle got into the scene, but we feel that we have a responsibility toward our younger viewers in how we publicize the film," explains Joe Richards, a photo editor for Columbia. "It's not our policy to glamorize drinking among young people."

The television networks will not air advertisements for hard liquor, as specified in the voluntary advertising codes of the major American television networks. In a self-policing effort, the TV networks recently vowed to cut down on drinking scenes. ("Dallas" fans, for example, will see J.R. Ewing head less frequently for the bourbon decanter this season, ac-

CONTINUED ON PAGE 6

The proliferation of product tie-ins is a sore point with TV executives.

CONTINUED FROM PAGE 5

cording to Lorimar Productions.) But what will the network censors do with a deliberately placed plug for hard liquor when it buys a theatrical film for rebroadcast on the small screen?

Some observers are worried that there is no way to avoid broadcasting these name-brand drinking scenes. The government is unlikely to intervene, and at least one industry group is reluctant to get involved. "It's up to the individual station to decide. We would make no decisions governing the editorial content of programming," says Shaun Sheehan, the National Association of Broadcasters' senior vice president for public policy.

The proliferation of alcohol-related and other product tie-ins has become a sore point with television network executives. (So sore, in fact, that spokesmen from CBS did not return calls, and ABC declined to comment, suggesting that *Nutrition Action Healthletter* contact the MPAA.)

For one thing, manufacturers have discovered that signing an agreement with a film packager is considerably less expensive than buying network air time. Paying \$25,000 to \$50,000 to slip a product into a film that will be shown again and again is small change to big advertisers. Dick Plastine, vice president for prime-time programming at NBC, quotes a price of \$150,000 for a 30-second spot airing during the Monday-night movie.

"We acquire films for entertainment purposes, not to further particular commercial goals. Remember, we are in the business of *selling* air time for commercials," explains Richard Gitter, NBC East Coast vice president for broadcast standards.

"You cannot remove all product mentions from a feature film," Gitter adds, "but if there's a particularly glaring example, unless it furthers a particularly important story point, it's likely that it would be one that we'd ask the producer or director to 'lose' for us."

Alan H. Gerson, NBC's vice president for law and broadcast administration, notes, "Product references are often so



"Cannonball Run" pilot quaffs Bud (left). Chevy Chase refuses this Nestle's Crunch (center), while Goldie Hawn offers Olympia to the cops in "Seems Like Old Times."

integrated into a film that it's impossible to cut them out without making gibberish of the picture... We do exercise editorial judgment, but sometimes it's impossible to cut [a product reference]. Either we don't buy the film, or we take it as it is."

Gitter and Gerson say that NBC's own

CSPI and Doctors Ought to Care recently co-signed letters of concern about product placement of alcoholic beverages in feature films to the Motion Picture Association of America, the Distilled Spirits Council of the United States (DISCUS), and the U.S. Brewers Association. DOC and CSPI are asking that the opening credits of feature films disclose which companies have paid a broker to have their products included in the film. In addition, the two groups are reminding DISCUS and the Brewers Association that such paid placements are often in violation of the liquor and beer industries' voluntary codes of behavior.

If you'd like to keep these product plugs from becoming as ubiquitous as movie popcorn, write:

Jack Valenti, President
MPAA
1600 Eye St., N.W.
Washington, D.C. 20006

Frederick Meister, President
DISCUS
1250 Eye St., N.W.
Washington, D.C. 20005

Donald Shea, President
U.S. Brewers Association
1750 K St., N.W.
Washington, D.C. 20006

We'd appreciate it, too, if you'd send a copy of your letter to Michael F. Jacobson, CSPI, 1501 16th St., N.W., Washington, D.C. 20036.

film production staff is held to a tighter standard of accountability when it comes to product placement. Gerson says that before production begins on a film, the compliance and practices department explains the network's responsibility under Section 507 of the Communications Act, and requires the film makers to disclose "anything they get free or for a discount."

Obviously, not all product references are verboten. "If people speak too generically, it's ridiculous," says Gerson. "We generally require mockups [of products] to be used, but there are certain cases where you can't avoid making a reference. If someone is making a joke about New Coke versus Old Coke, for example."

The efforts of product placers occasionally are credited publicly—but these acknowledgements are usually crowded into the credits as the audience scrambles for its coats. "It seems to me not unfair—and certainly honest—to show at the outset which sponsors brought you this film," says Schudson. "I don't know what difference this would make. But perhaps people would be aware that it wasn't just a teen idol's choice to drink X or Y."

In time, movie audiences may become as jaundiced and skeptical about product placements as they are about many other forms of advertising. And the plugs may become even more blatant in response. Today's television audience sees commercials "as the price they pay for quality television broadcasting," notes NBC's Gerson. If the product placement people have their way, we may feel the same way about movies soon. Schudson concludes, "More public awareness of product placement can't help but make a difference."

EXHIBIT 5

STANDARD LIFE OF TEXAS



A LETTER FROM THE PRESIDENT

Dear Prospective Client:

Five years ago, I saw a need for an enterprise that would get high exposure for brand name products by having them used in big-budget motion pictures.

It seemed to me that manufacturers would benefit from having their products appear in films in the hands of top boxoffice stars, and that studios would welcome the opportunity to use brand name products to add realism to motion picture scenes. Both assumptions have proven to be valid.

In 1978, I founded Associated Film Promotions to serve as a liaison between manufacturers of brand name products and the film industry. After many months of making personal contacts among the decision makers, the studios began to look to AFP as their primary source for products they wanted to use in their films.

Since that time, AFP has been consulted by major Hollywood filmmakers on hundreds of motion pictures. Our staff of specialists in production, in marketing and in public relations work closely with the film industry, furnishing everything from Clark Bars to Cadillacs to help create more realistic settings in motion picture scenes.

How AFP Works. When AFP agrees to represent a client, a marketing strategy meeting is held to determine the most productive motion picture exposure for the client's products. Our staff and consultants analyze film scripts for favorable environments and opportunities for product exposure. A thorough, scene-by-scene breakdown of film scripts chosen for consideration is presented to the client, indicating where and by whom his products will be used in the motion pictures.

AFP carefully controls the appearance of the client's product in films. In most cases, it is the stars who will use the product—always in a positive and memorable manner. Great care is taken to prevent a product from being used by "villains" or in a disparaging way.

There is no greater promotional value—short of a direct endorsement—than having a major motion picture star use a product in a big-budget film. Perhaps, as many as 50 million theatre goers will ultimately view the film and many of these will be influenced to become consumers of the products they see being used by their favorite celebrities.

AFP maintains a close relationship with major studios, producers and other top-level creative staff who keep us abreast of their potential product needs for upcoming films. Producers and directors frequently ask AFP to recommend ways in which brand name products can be creatively used to enhance a scene. This has led to many beneficial exposures of products in specially-devised scenes that have great brand name impact.

Our service includes, wherever feasible, major promotional tie-ins linked to a particular brand name product and its appearance in a significant film.

What motion picture exposure can do for your product. Movies not only survive the competition from television, pay TV and, even, video games, but continue to gain strength.

The use of brand name products by stars in popular motion pictures reinforces the product's image on audiences and, usually, results in a significant increase in sales. As a motion picture makes the transition from the-

aters into cable and network TV, in-flight presentations and foreign distribution, the brand name impact is felt by a potential audience of hundreds of millions of consumers. Yet, the cost for reaching this vast audience, compared with the expenditure required to imprint the same number of people through traditional media, is incredibly low.

Who uses motion picture product promotion? Everyone from new developing firms to Fortune 500 companies, which comprise 30% of our client list. Last year, AFP succeeded in placing 70 of our clients in 150 important motion pictures. In the five years we've been in business, we've provided brand name products for nearly 600 big-budget films.

A list of our clients appears in this brochure. You'll note that some of the nation's largest corporations are represented, indicating their farsighted recognition of a unique marketing opportunity—exposure of their brand name products in motion pictures.

Don't miss out on this very profitable approach to marketing your company's product. Your brand names could be prominently displayed in tomorrow's "Rocky" or "Ordinary People."

Please call me personally with any questions you may have about how our service can help keep your brand names uppermost in the public's thoughts.

Cordially,

Robert H. Kovaloff
President

Los Angeles Times
Tuesday, May 11, 1982

A Word From the Sponsor

Dunkin' Donuts, a "planted" product, is almost as prominent as actor Robert Sacchi in this scene from the movie "The Man With Bogart's Face."



Matthau's Nikon

Next time there's an airplane movie and an actor "Gimme a Dramamine," if the film's dull you can the time imagining the clink of money into some pocket for the mere mention of that product, one many of A. J. Searle Laboratories.

Walter Matthau snaps a photo of a Russian "Hopscotch" and the name Nikon is highly visible in the camera. Clink, clink.

Sylvester Stallone tells his young son the eating Wheaties in "Rocky III." Clink, clink. Even the commercials watched by Peter Seidman in "Being There" mean money into the pockets of a "product planter." In all the pockets belong to Robert Kovoloff and his Associated Film Promotions Inc.

Kovoloff and his staff are paid a fee by manufacturers to get their products into films. The conceit of supplying such items for films has been about half a century, but until the early '70s only a single firm in the field. Now there are a dozen, and it has gotten to be big business for a mere five years, is the scene for a leader, however.

To the manufacturer, the practice is

BUSINESS

THE NEW YORK TIMES ARTS/ENTERTAINMENT MONDAY

The Art of Plugging Products in the Movies

By JANET MASLIN

The script for "Rocky III" is amended to include a Wheaties scene, in which Rocky advises his young son to eat the "breakfast of champions" if he wants to grow up big and strong. In "North Dallas 40," a scene involving salad dressing is inserted so that the actors can conspicuously use Bertolli Olive Oil. In "Honeyuckle Rose," the beer bottles are carefully arranged so that a particular beer is by Willie Nelson's side when he's relaxed and happy. As for the troublemakers, they drink another brand.

These touches are the handiwork of an up-and-coming entrepreneur called the product placer, whose business it is to make sure that moviemakers and manufacturers enjoy a close, symbiotic relationship. In the days when Hollywood cared more for elegance, this might not have been possible — brand-name products on screen would have seemed hopelessly declassé. Even in recent years, the use of merchandise in movies was fairly random. But nowadays it's becoming an organized process, and the brand-name products that turn up as movie props are less and less likely to have landed there by accident. However, a product placer can spend at least as much time keeping his clients out of scene films as he does working them into others.

Product placement has become so common that there are even seminars about it. A recent one at the Plaza Hotel, titled "How to Market Your Product in Motion Pictures . . . and Turn the Silver Screen Into Gold!" attracted several dozen corporate representatives — at \$175 or \$185 a head. The service is relatively new, and thus far, it involves only a few companies. One of the largest, Associated Film Promotions of Century City, Calif., is only four years old, but it already handles 180 products, at fees beginning at \$25,000 a year.

Five Movie Appearances

In exchange for this fee, a manufacturer is guaranteed at least five movie appearances for its soda bottle or its Scotch or its suitcase. This is meant to be "a mutually beneficial service," and money does not usually change hands between manufacturer and film company. No one denies that a candy bar featured on screen may mean free candy for cast and crew, or that a good shot of an airplane may mean free transportation for everyone concerned. But the overall benefits of product placing are usually bigger than that and less tangible.

A key part of the product placer's work is cultivating film makers and developing friendships with them. That way — if the product placer is on as friendly terms with the film industry as was one of the seminar's speakers, Associated Film Promotions' Robert H. Kovoloff — he can see scripts before filming begins. And he

can then make suggestions about which of his clients' products might be planted in particular scenes.

When Milk Duds were worked into both "Seems Like Old Times" (Chevy Chase holds up a gas station and demands the Duds from a vending machine) and "The Formula" (Marlon Brando offers them to George C. Scott), sales of Milk Duds at lobby concession counters, according to Mr. Kovoloff, increased dramatically. There was another advantage: Mr. Brando, a star who does not do ordinary commercials, had been induced to help out with a more indirect form of advertising.

Credibility Is the Reward

The advantages of all this to the manufacturer are obvious: It can mean a subtle, comparatively inexpensive plug that has the credibility ordinary commercials lack. "Seeing a product, even for a second, in a realistic dramatic setting in which the viewer is already emotionally involved," Mr. Kovoloff said, "leaves an invaluable impression."

But why should the film makers go along with this? For one thing, brand-name products help a movie look realistic. Anyone who has ever seen a familiar-looking product bearing a phony name on screen knows how jarring the counterfeits can be. "The things that your companies create," Mr. Kovoloff noted, "are the real props of American life." Thus, a film that wants an authentically American look — even if, like the current "First Blood," it was shot in Canada — really needs its Coca-Cola billboards and its Chevrolet signs.

Another reason is economic: If you're going to drive a car off a cliff, it might as well be a car supplied by the manufacturer. It's clearly to the prop master's advantage to borrow as much merchandise as possible (Mr. Kovoloff maintained that the merchandise is usually returned or saved for use in another movie). When a number of different products are needed, the product placer can offer prop masters the equivalent of one-stop shopping.

Can all of this go too far? Absolutely. Jerry Lewis's "Hardly Working," with plugs that were virtually wall to wall, has often been cited as the movies' most glaring example of merchandising overkill, even by product placers themselves.

There are many films that do not employ the product placers' services at all. A movie that is liable to be controversial — such as "Moonlighting" — won't get much cooperation from either product placers or manufacturers, but it can still use brand-name props without asking permission. In "Moonlighting," there were many cans of Campbell's soup and Hershey's chocolate featured prominently because the central character



Raisin Bran joins Jerry Lewis on

is supposed to be a black marketeer. The manufacturers may not have been able to exercise any control over the use of their products, but the film makers did not get any free soup or chocolate, either. The boxes were empty.

The watchdog aspects of product placing involve making sure the product isn't used in a defamatory light. For example, when Walter Matthau used a Nikon camera in "Hopscotch," the product placers made sure he was playing a competent spy and not a bumbler. Beer companies are particularly touchy about not wishing to see their products misused by violent or underage characters. Anheuser-Busch, according to Mr. Kovoloff, turned down "Making Love," possibly because its bisexual love story had the makings of controversy, and "E.T." because beer was used for the questionable purpose of intoxicating a child, not to mention an extraterrestrial.

"I only wish that I had started this kind of organization earlier," Mr. Kovoloff said. "It's too bad there was no professionally organized product representation in the old days of movies. You know, when Clark Gable appeared without an undershirt in 'It Happened One Night,' undershirt sales went down. I'd like to see a T-shirt on every star and a logo on every T-shirt."

The other speakers at the seminar, which was organized by Dancin Management International of California, touched on other aspects of movie merchandising. Lester Borden of Columbia Pictures talked about "Annie"-related merchandise, everything from lockets and wigs to little stuffed Sandys. Joel Harnett, of a pub-

reprint

Why Marlon Brando Passed the Milk

from THE WALL STREET JOURNAL.

friendships with producers, property mas-
ters and such. And it involves giving away
lots of merchandise to actors and
crews. The euphemism

States ...

ISSUE OF MAY 24 ...

EMBER 15, 1982

The New York Times

—NEW YORK, THURSDAY, AUGUST 20, 1981—

Advertising | Sandra Salmans Selling Via the Movies

AMONG the performers in "Honky Tonk Freeway," which opens at movie theaters tomorrow, will be Cheerios, Budweiser and Quaker State Motor Oil. Those are some of the placements made by Associated Film Promotions, a Los Angeles-based company that says it is the leader in the business of getting clients' products on the big screen.

Founded four years ago by Robert Kovaloff, 44 years old, who remains the sole owner, A.F.P. promises clients, such as Anheuser-Busch, General Mills and Beatrice Foods, "positive visibility" or, as they used to say, a chance to get into the movies. The basic idea is to put that bottle of Michelob into the hands of, say, Clint Eastwood (as in "Any Which Way You Can"), or to get that Gatorade cooler within reasonable proximity of Alan Alda and Carol Burnett (as in "Four Seasons").

Some 50 companies — involving 150 different products — pay the company an annual retainer of at least \$25,000 for guaranteed "multiple exposure" in a minimum of five movies and as many as 30. That is far better value than television offers, argues Mr. Kovaloff, who figures that the bill for five prime-time, 30-second television commercials would come to \$250,000.

It's also good value for Mr. Kovaloff, who said that his company grossed about \$1.5 million last year.

There are other advantages to selling one's wares on Sunset Boulevard rather than Madison Avenue. For one thing, there is always the hope of having your product used by a high-powered star, such as Marlon Brando, who is one of that handful of celebrities who have not yet appeared in advertisements.

Furthermore, in a paid television commercial, "you know it's not real," Mr. Kovaloff said. But in a movie kitchen, he said, that box of Cheerios looks natural in a cluster of other brand-name products. In fact, Mr. Kovaloff contends that television programs look bland because they are prohibited from showing the brand names that are an integral part of everyone's lives.

Nor does it matter if the movie flops, in his view. Although it may bomb at the box office, the movie will subsequently be seen by millions of viewers on cable and syndicated television, not to mention video cassettes.

And there are exciting opportunities for capitalizing on those cameo movie appearances of products. Because "Hardly Working" had a scene in which Jerry Lewis wolfed down a dozen Dunkin' Donuts, the star agreed to pose for some special Dunkin' Donuts posters, which the chain put in its windows. Everybody got a little extra publicity for very little money. Had Dunkin' Donuts gone the advertising route, it would have cost more than \$500,000, Mr. Kovaloff contended.

To get Milk Duds and Champion Spark Plugs into the movies, Mr. Kovaloff and his dozen staff members study the scripts for openings — incidentally screening out X-rated films. If the product is written into the script, A.F.P. becomes a sort of super-property manager for the movie studios, rolling out its warehouse stock of the lucky item.

The movie studios do not pay for such services but, in exchange, there is a gentlemen's agreement that the product be treated well, according to Associated. To protect Anheuser-Busch, for example, "we try to make sure that there's no hithering, no underage drinking in the movie," said Ron Kaufman, a vice president who is the liaison between the client and the studio.

But regular advertising has its uses, too, as Mr. Kovaloff would be the first to concede. It was in "Being There," after all, that Peter Sellers — and millions of moviegoers — sat through commercials for Natural Light, an Anheuser-Busch product, courtesy of Associated Film Promotions.

NATIONAL MEDIA COVERAGE OF AFP'S SERVICE

Major metropolitan newspapers and national magazines have reported on Associated Film Promotions' unique style of brand name product promotion in significant motion pictures.

As a result of our success, our clients have displayed their brand name products in a memorable manner before a collective audience of millions of potential customers.



liver in "Hardly Working."

concern called Media Hor-
outlined the benefits of advertis-
in movies and on cable televi-

were occasional questions,
when a woman from Clairol
that someone had asked her
for \$10,000 in exchange for a
the movie "Smile." Not all
for product plugging are on
ed up, the group was warned,
he should be asking your com-
or money. Let the manufac-
ware.

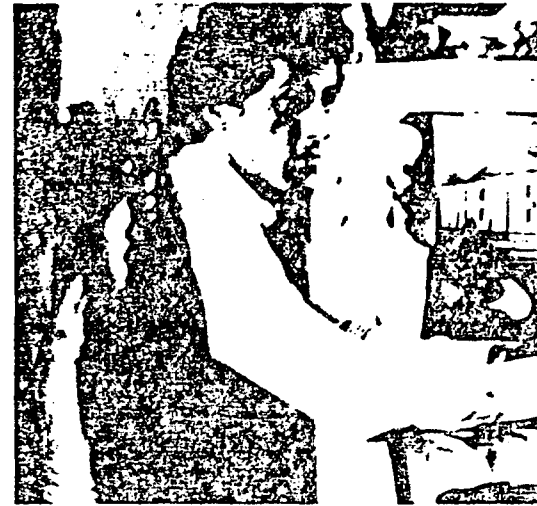
Outstanding Example

he speakers, perhaps no one
the braininess of product
better than Ronald Rice,
of a suntan oil called
Tropic. Mr. Rice offered a
featuring Hawaiian Tropic
and on every conceivable sur-
face, on bathing beauties, on
ch Boys ("Mike Love is a
end of mine," Mr. Rice ex-
There were also some
style sunbathing ("They do
rently there," Mr. Rice
ly, there were glimpses of
Tropic as seen in those mov-
it had been planted, most
"Cannonball Run" and
United

Pullerfest," Mr. Rice
snapshot of a bathroom's
An assortment of bot-
and aerosol cans were
Hawaiian Tropic presum-
in all the clutter.
was a good movie, but
the great shot," Mr. Rice
"You can hardly see the
Tropic at all."



Urban Cowboy
Nikon



Stir Crazy
Dunkin' Donuts

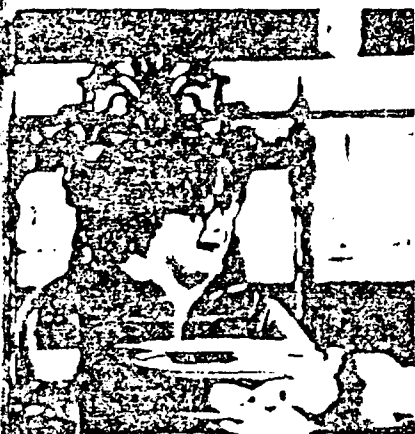
Nine To Five
Tony Lama Boots



Any Which Way You Can Michelob Beer



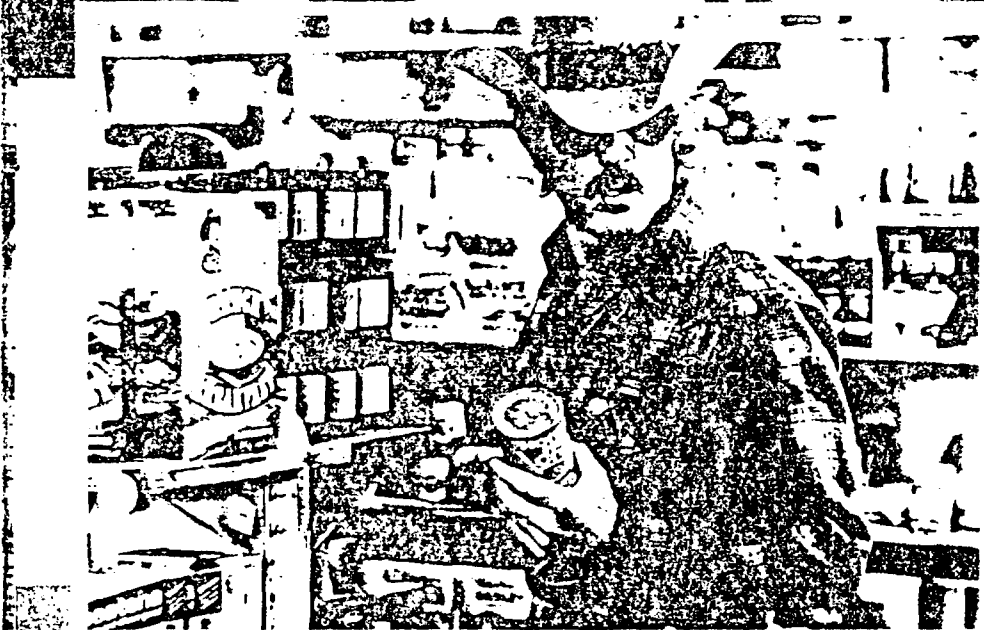
Poltergeist Lay's Potato Chips, Clark Bars



Rocky III
Wheaties



North Dallas Forty
Budweiser Beer



Electric Horseman
Hormel Chili



BRAND NAMES IN THE MOVIES

One picture is, indeed, worth a thousand words—particularly when it comes to registering memorable impressions of brand names. These photo stills show how AFP-placed products were associated with stars in some recent major motion pictures.

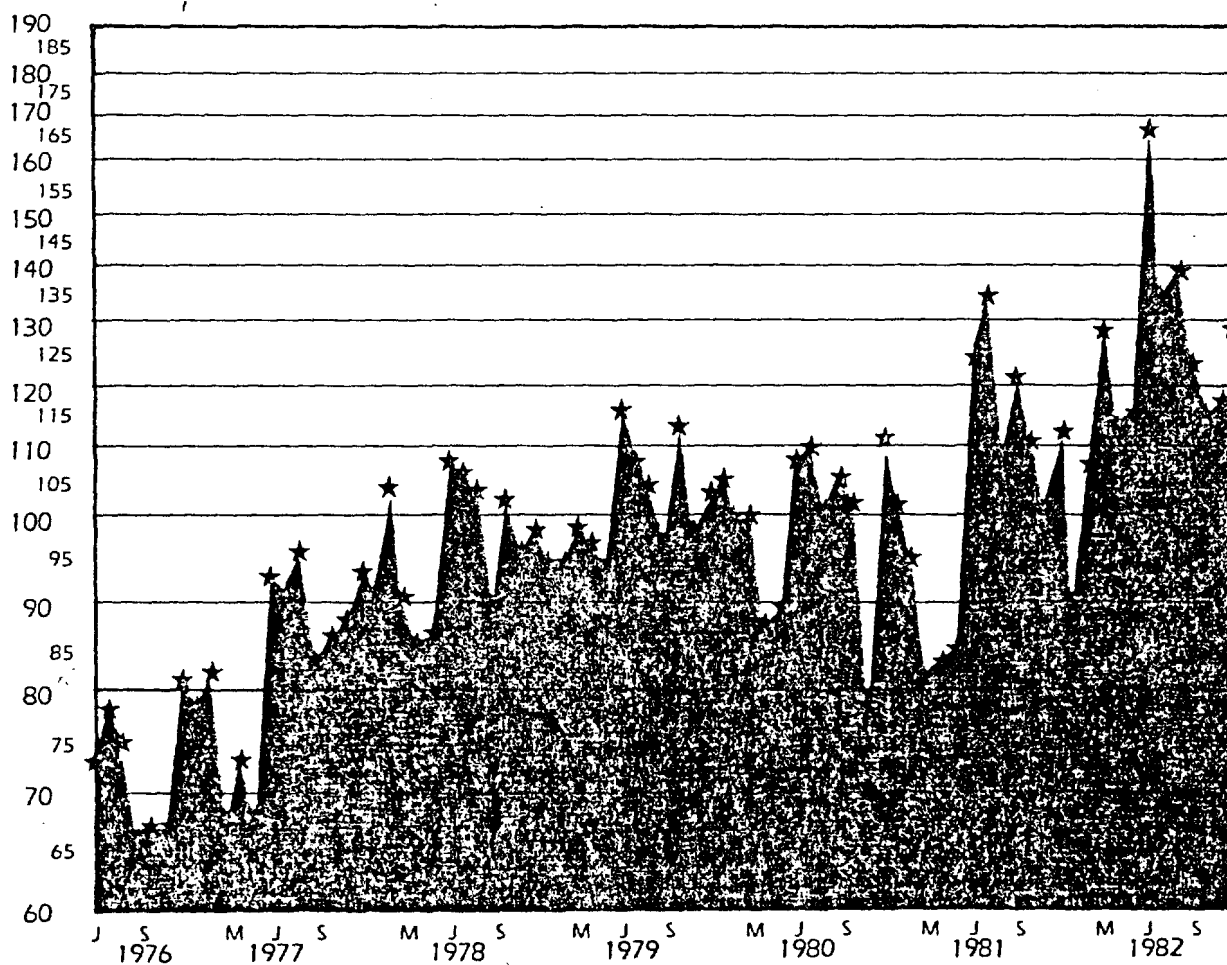


Six Pack Gatorade, Quaker State Motor Oil

U.S. Key City Boxoffice Index

(Seasonally Adjusted, 1980=100.0)

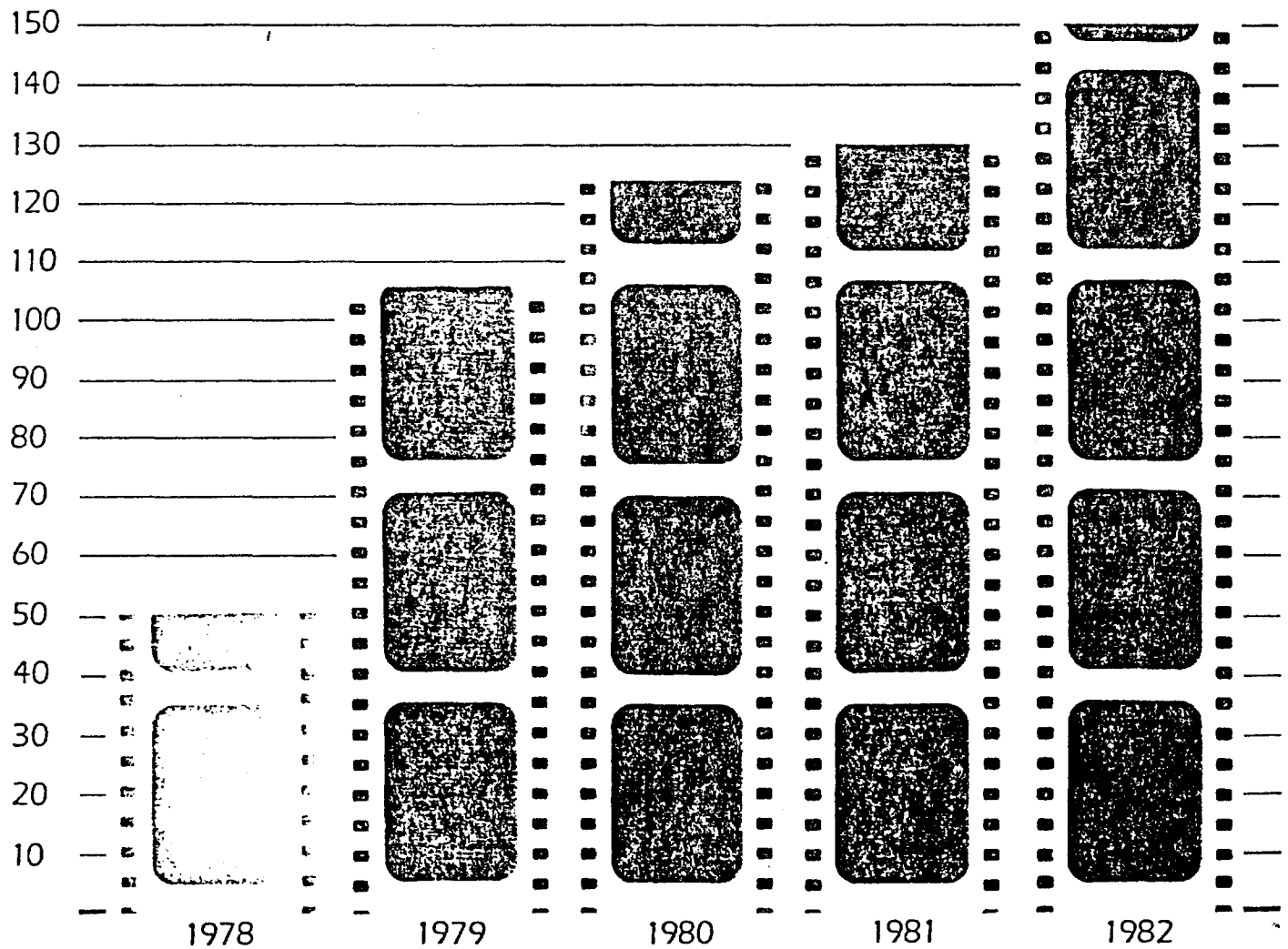
Dec., 1982 **128.1** Nov., 1982 116.1 Dec., 1981 112.0



5-YEAR GROWTH CHART

The graph below reflects the steady increase in the number of motion pictures in which AFP clients participated.

NO. OF
FILMS



WHEATIES SURVEY "ROCKY III" NORA J. ROTKIN JUNE 14, 1982

The movie "ROCKY III" was sampled in the Los Angeles and Chicago metropolitan areas. As is readily evident, an impressive 89% of respondents in the total sample recalled or recognized WHEATIES cereal in the film.

In Los Angeles a total of 96% recalled or recognized WHEATIES. Of this total, 64% remembered WHEATIES being displayed without prompting from the interviewer.

In Chicago, 82% of those interviewed recalled or recognized WHEATIES.

The result is very encouraging. The placement of WHEATIES is very prominent on Rocky's breakfast table. Audiences see Rocky's son eating WHEATIES and may get

the idea that if Rocky is allowing his son to eat WHEATIES, it is a cereal that will supply the nutrition and energy necessary for athletic prowess.

All ages are represented in the distribution from young children through older adults with 18-34 being the most represented group.

Children viewing "ROCKY III" saw WHEATIES on the breakfast table and may want to identify with his strength and "victor" image. Also, older adults with young children in their homes might get the idea to purchase WHEATIES from this scene. In fact, the adults may desire to purchase WHEATIES for themselves be-

AWARENESS		AGE				LAST EDUCATION GRADE COMPLETION					TOTAL SAMPLE
UNAIDED	AIDED	12-17	18-34	35-49	50+	DID NOT COMPLETE 8TH GRD	COMPLETED 8TH GRD	NOT HIGH SCHOOL GRAD	HIGH SCHOOL GRAD	TOTAL	
43%	46%	26%	53%	10%	10%	2%	9%	18%	21%		
											LOS ANGELES
64%	32%	25%	54%	12%	8%	1%	7%	20%	20%		
											CHICAGO SAMPLE
25%	57%	27%	52%	9%	12%	2%	10%	14%	19%		

(PERCENTAGES ARE ROUNDED OFF TO THE NEAREST NUMBER)

*CATEGORIES ARE INDIVIDUAL INCOME AND TOTAL FAMILY INCOME — THOSE RESPONDING ARE IN ONE OR THE OTHER CATEGORY.

cause people are on an exercise, keep-in-shape, health and general self-improvement regimen, and WHEATIES fits into this classification.

All education levels are represented indicating that education has little effect on recall/recognition of WHEATIES. Most viewers were at least high school students or graduates. However, there was a good proportion of moviegoers who at least attended college or are college students.

All income levels are represented, either individual income or total family income. Those persons who are in the lowest income as well as those in the higher income

are all potential consumers of WHEATIES.

This survey indicates that all types of people saw the motion picture "ROCKY III." The population is diverse in all demographic areas indicating a potentially large and diverse market for consumers of WHEATIES.

In today's economic decline, consumers are going to spend money on necessities and be cautious about spending money on entertainment. Therefore, those people who thought "ROCKY III" was worth the investment, might further conclude that WHEATIES would be another good investment both from a nutrition and budget point of view.

ED

AT- ENDED COLLEGE	COLLEGE GRAD	SEX		INDIVIDUAL or TOTAL FAMILY INCOME*						
		MALE	FEMALE	UNDER \$10,000	\$10,000- 14,999	UNDER \$15,000	\$15,000+	\$15,000- 24,999	\$25,000 44,999	\$45,000+

PLE—WHEATIES

26% 29% 58% 42% 16% 7% 10% 6% 14% 20% 27%

AMPLE—WHEATIES

23% 29% 57% 43% 11% 3% 14% 4% 4% 21% 42%

MPLE—WHEATIES

29% 26% 59% 41% 21% 10% 6% 8% 25% 19% 10%

LETTERS FROM OUR CLIENTS

Client satisfaction is always AFP's primary goal. Many of our clients send us thoughtful letters acknowledging our contributions in the area of brand name product placement in motion pictures. Here is a representative sampling.



Mr. Robert W. Koveloff
Associated Film Promotions
10100 Santa Monica Blvd.
Suite 1095 Century City, CA 90067

Dear Bob:

I enjoyed reviewing your progress in obtaining exposure for Anheuser-Busch products in movies and TV. I wanted you to know that all of us at Anheuser-Busch are extremely pleased with results that you have achieved in 1980, and we look forward to a long and mutually satisfying relationship between your organization.

There is no question that the exposure that you have brought and when we may be on that

RAY STARK PRODUCTIONS, INC.

RAY STARK
CHAIRMAN OF THE BOARD

March 31, 1983

Mr. Robert Koveloff
Associated Film Promotions
10100 Santa Monica Blvd.
Suite 495
Century City, CA 90067

Dear Mr. Koveloff:

My congratulations on your continuing and well-deserved success. You and your personnel have rendered most creative and professional services in your specific areas of interest on our films.

It has contributed mutual advantages to both the corporations you represent and to our company.

Kindest regards,
Ray Stark
RAY STARK

RS/ew
cc: Eleanor Mondale
Mary Kay Powell

COLUMBIA PLAZA WEST, BURBANK, CALIFORNIA 91506 (213) 964-2400



February 11, 1983

Ms. Sandra Evans
Communications Manager
Wilson Jones Company
6150 Touhy Avenue
Chicago, Illinois 60648

Dear Ms. Evans:

This is in response to your request for information regarding our decision to use Associated Film Promotions as part of our media campaign.

Toshiba Telecom, a division of Toshiba America, is an electronic key telephone systems through a network dealer/telephone sales companies. Last summer, after research, we were pleased to get together with Associated Film Promotions to place our products in up-coming television feature films.

While our products do not elicit clear brand recognition, that such exposure of our telephones is a number of standpoints. First, we view the company and its products as a part of the sales and marketing effort.



TWENTIETH CENTURY-FOX PICTURES

WILLIAM MINOT
NATIONAL PROMOTION DIRECTOR

March 17, 1983

Mr. Robert Koveloff
Associated Film Promotions
10100 Santa Monica Boulevard
Suite 1095
Los Angeles, CA 90067

Dear Bob:

I was thinking today how much progress we in Hollywood have towards establishing a consistent and trustworthy relationship with corporate America. In pondering the reasons why, it is obvious that you and your organization are certainly a major factor in the development of better understanding between our corporate America.

You have led the way in expediting efficient services to productions both here in Hollywood and throughout the world. Your expertise combined with the ability to establish promotional relationships between corporate clients and the film community is another channel for the distribution phase of our business.

As we continue to explore new areas of corporate interaction in feature films, I am sure your company will continue to lead the way.

With thanks I remain,

Sincerely,

William Minot
William Minot
National Promotion Director

WM/Ls